

EXHIBIT 1-E

GUIDELINES ON FIRM COMMITMENT OF NON-TSEP FUNDS

Purpose of Guidelines

There are several reasons why guidelines on committed funds are necessary:

- To comply with MDOC's statutory responsibility to ensure that matching funds are committed for a project before TSEP funding is provided, and subsequently to comply with the terms of the contract between MDOC and the local government.
- To prevent a situation where a project is started but cannot be finished or payment to contractors is delayed because the local government's matching funds are not firmly committed.
- To clearly identify for local governments what must be done to get their matching funds committed.

Procedure

A two-step approach is used by local governments to demonstrate that funds are committed for projects:

Step 1 (Limited access to funds) - Upon receiving the specific documentation (which is determined by the type of matching funds) that all grants have been awarded, other funds are available, and a loan agreement has been signed, TSEP funds will be provided for eligible project expenses (such as project administration, land acquisition, and final engineering), except for actual construction expenses. A limited "Notice to Proceed" will be issued by MDOC, which will state what the TSEP funds can be used for. MDOC will make the final determination of whether there is a bona fide firm commitment and the other funds are available for the project.

Step 2 (Full access to funds) - Once the construction bids have been received and the local government has demonstrated that there are sufficient monies to fund the construction of the project, MDOC will issue a "Notice to Proceed," and TSEP will provide funding for all eligible project expenses including construction expenses. The local government will also have to show that all of the loan requirements have been met and the final documents have been signed.

The following information describes the documentation that is required for the various types or forms of matching funds:

A. Grants and Other Government Appropriated Funds

A letter is required from the funding agency stating that funding has been approved or

appropriated. The letter should indicate the agency’s approval of a final application for the project, and/or the existence of a signed contract between the funding agency and the local government, and indicate when funds will be available.

If the project has been split into multiple phases by the funding agency, the letter should state that a portion of the funding has been approved or authorized and the agency is committed to approving or authorizing the remainder of the funding within a reasonable amount of time. The letter should discuss the phasing of the project and the expected timetable for approving or authorizing the funding for the project. Depending on the firmness of the commitment of the other funds and the likelihood that the entire project will be completed: 1) TSEP funds may be provided in the same proportion as is being provided by the other funding agency; or 2) TSEP funds may be withheld until the final phase when all funds are firmly committed.

B. Local Government Funds

Local governments that have committed reserves or annually budgeted funds, will be required to provide a copy of the budget or a budgetary authority resolution (see exhibit 4-A) that has been approved and adopted by the governing body. The budget must specifically designate the source of funds that will be available for the TSEP project. Some projects, such as multiple bridge projects, can be broken down into discrete phases and funded over multiple years; however, MDOC will not consider the funds committed until the full amount needed to construct all phases is budgeted and actually available to the local government.

C. Loans (Revenue Bonds, General Obligation Bonds, Special Improvement Districts, Rural Improvement Districts)

Step 1 If the conditions as described below are met, a limited “Notice to Proceed” will be issued and MDOC will provide TSEP funds for eligible project expenses (such as project administration, land acquisition, and final engineering), except for actual construction expenses. The limited “Notice to Proceed” will specify what the TSEP funds can be used for.

Loans to Municipalities, Counties, Districts, or Tribes, that require a vote by only the <u>governing body</u>	Loans that require a vote by the <u>general population or users</u>
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SRF loan

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| <ul style="list-style-type: none"> • “Commitment Agreement” or “Letter of Approval for State Revolving Fund Loan Program in Lieu of Commitment Agreement”, adopted by Resolution | <ul style="list-style-type: none"> • “Commitment Agreement” or “Letter of Approval for State Revolving Fund Loan Program in Lieu of Commitment Agreement”, adopted by Resolution • Successful certified debt election results (attach supporting documents) |
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RUS loan

- “Letter of Conditions” from RUS
- “Letter of Intent to Meet Conditions” signed and returned to RUS
FORM: RD 1942-46
- “Request for Obligation of Funds”
FORM: RD 1940-1

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- Successful certified debt election results (attach supporting documents)

Step 2

If the conditions as described below are met, a full “Notice to Proceed” will be issued and MDOC will provide TSEP funds for all eligible project expenses including construction expenses.

Loans to Municipalities, Counties, Districts, or Tribes, that require a vote by only the governing body

Loans that require a vote by the general population or users

SRF loan

- “Commitment Agreement” adopted by Resolution
- Bid Tabs to show that sufficient funds are committed to complete project

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If the TSEP recipient changes one of its sources of funding, or if the cost of the project increases, after obtaining the firm commitment of non-TSEP funds, and additional funding is required from existing or new sources, MDOC may at its discretion suspend the “Notice to Proceed,” thereby temporarily stopping the distribution of TSEP funds until there is once again a firm commitment of funds for the project.